Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AGR-05 H-02 CIAE-00 INR-07

NSAE-00 AID-05 IO-10 SP-02 L-03 TRSE-00 IGA-01 COME-00

CIEP-01 OMB-01 SS-15 PM-04 DODE-00 STR-04 CEA-01 /079 W ------ 005898

R 261302Z SEP 75

FM AMEMBASSY NEW DELHI

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FOR EB - ENDERS AND BILLER

E.O. 11652: N/A

TAGS: EAGR, IN, USINJC

SUBJECT: JOINT COMMISSION: MEETING OF AGRICULTURAL INPUTS WORKING GROUP

REF: NEW DELHI'S 12945 AND 12947

- 1. WE AR VERY MUCH INTRIGUED BY GOI SWEEPING INITIATIVE (REFTELS) TO PUT SUBSTANCE INTO THE AGRICULTURAL INPUTS WORKING GROUP. AS YOU MAY REMEMBER, THIS GROUP WAS US SIDE'S LAST MINUTE SUGGESTION AND GROUP'S MEETINGS UP TO NOW HAVE BEEN LARGELY FORMAL AND NON-SUBSTANTIVE.
- 2. WE REALIZE YOU WILL NOT HAVE MUCH TIME TO MAKE PREPARATION BUT WOULD LIKE TO COMMENT ON A FEW KEY ITEMS.
- 3. IFDC/TVA INDIAN INSTITUTION COOPERATION (ITEM II (A). THE INDIANS HAVE WORKED HARD TO COME UP WITH SPECIFIC AREAS WHERE THEY WOULD LIKE TECHNICAL INFORMATION. THEY ARE FLATTERED THAT THE IFDC HAS INVITED S.K. MUKHERJEE TO BE A DIRECTOR BUT DO NOT UNDERSTAND HOW THE USG WISHES TO INTERNATIONALIZE IFDC.
- 4. TECHNICAL ASSISTANCE (ITE $\,$ II(C)). THIS IS A REQUEST FOR TECHLIMITED OFFICIAL USE

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NICAL ASSISTANCE OF THE TYPE OFFERED BY TVA SOME TIME AGO. WE SUG-

GEST THAT SOMEONE MAKE CLEAR TO THE INDIAN DELEGATION THAT PROGRESS IN THIS AREA IS FINE BUT WILL DEPEND ON RESOLUTION OF THE IDI/FCI PROBLEM IN VIEW OF CONGRESSIONAL INTEREST INVOLVED.

5. CONSULTANCY IN THIRD COUNTRIES II(D). AN INTERESTING IDEA BUT WE WONDER WHETHER THE INSTITUTIONAL BASIS FOR SUCH COOPERATION EXISTS. PERHAPS ESCAP MIGHT PLAY A ROLE.

6. PURCHASE OF US FERTILIZER (ITEM III (A) AND B)). THE INDIANS KNOW THEY WILL HAVE TO PURCHASE FERTILIZERS FROM US FOR A LONG TIME. THEY WANT TO SMOOTH OUT THE PRICE FLUCTUATIONS AND, IF POSSIBLE, AVOID LAST YEAR'S SITUATION WHERE THEY WERE PAYING MUCH MORE THAN US DOMESTIC PURCHASERS. THEY BLAME THIS PRICE DISPARITY ON THE USG. THEY MAY BE PREPARED TO ENTER INTO LONG TERM PURCHASE CONTRACTS BUT SEEK USG "BLESSING" AND ASSURRANCES THAT LAST YEAR'S EVENTS WILL NOT RECUR.

7. LONG TERM PURCHASES OF MAP FROM US (ITEM III(C)). THIS IS AN OLD PROPOSAL WHICH THE INDIANS HAVE REVIVED. WE HAVE STRESSED THAT THERE IS NO NEED FOR (AND NO POSSIBILITY OF) USG GUARANTEES. FREEPORT MINERALS WILL ACCEPT A CHASE MANHATTAN GUARANTEE AND CHASE IS PREPARED TO ISSUE ONE. THIS WILL HAVE TO BE RESOLVED IN NEW YORK BETWEEN GOI, CHASE AND FREEPORT.

8. JOINT VENTURES AND SUBCONTRACTING IN THIRD COUNTRIES (ITEM IV). THE INDIANS ARE INTERESTED IN GETTING A PIECE OF THE ACTION IN THE MIDDLE EAST AND THEY CAN OFFER GOODS AND SERVICES AT COMPETITIVE PRICES. COMMERCE HAS FURNISHED THEM WITH A LIST OF US FIRMS WHICH HAVE WON CONTRACTS IN THE MIDDLE EAST FOR FERTILIZER PLANT CONSTRUCTION. THE INDIANS ARE PREPARED TO INVITE THESE FIRMS - SINGLY OR COLLECTIVELY - TO INDIA TO MEET WITH POTENTIAL INDIAN SUBCONTRACTORS. THEY ARE THINKING OF USING THE JOINT BUSINESS COUNCIL AS A SPONSOR, PERHAPS EVEN BEFORE THE JBC HAS HELD ITS INITIAL MEETING. WE LIKE THIS IDEA BUT ARE NOT CERTAIN HOW BEST TO HANDLE IT.

9. TO SUM, UP FOR ONCE THE INDIANS ARE SERIOUS AND MOST OF THEIR PROPOSALS SENSIBLE. THIS IS THE OPPORTUNITY TO PUT SOME SUBSTANCE IN THE ECONOMIC/COMMERCIAL SUBCOMMISSION. SAXBE

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Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: AGRICULTURE, COMMITTEES, INTERGOVERNMENTAL COOPERATION

Control Number: n/a Copy: SINGLE Draft Date: 26 SEP 1975 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NFWDF13014

Document Number: 1975NEWDE13014
Document Source: CORE
Document Unique ID: 00 Drafter: n/a

Enclosure: n/a Executive Order: N/A Errors: N/A Film Number: D750334-1179 From: NEW DELHI

Handling Restrictions: n/a

Image Path:

Legacy Key: link1975/newtext/t19750910/aaaaaimx.tel Line Count: 107 Locator: TEXT ON-LINE, ON MICROFILM

Office: ACTION EB

Original Classification: LIMITED OFFICIAL USE

Original Handling Restrictions: n/a
Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 2

Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE

Previous Handling Restrictions: n/a

Reference: n/a

Review Action: RELEASED, APPROVED Review Authority: ellisoob

Review Comment: n/a Review Content Flags: Review Date: 20 AUG 2003

Review Event:

Review Exemptions: n/a
Review History: RELEASED <20 AUG 2003 by ElyME>; APPROVED <24 NOV 2003 by ellisoob>

Review Markings:

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Review Media Identifier: Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: JOINT COMMISSION: MEETING OF AGRICULTURAL INPUTS WORKING GROUP TAGS: EAGR, IN, USINJC To: STATE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006